

How To Sell A Managed Services Offering SMBs Will Love

By making your core offering more compelling, you'll experience less resistance to a monthly fixed fee contract.

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I started selling managed services to my IT support clients in 2001. There were no dominant PSA (professional services automation) or RMM (remote monitoring and management) vendors back then, and the supporting market was just developing. Clients at that time had a hard time understanding our new value offering. They were confused about the benefits of paying a monthly flat fee for their IT support, not understanding the value of proactive monitoring over reacting to IT problems. Nowadays, customers are realizing what support providers always knew: a flat fee contract is easier to manage and budget than the previous time and materials billing model.

Today, we sell managed services very differently than we did years ago. Our managed services clients are completely flat fee, meaning that they receive a fixed monthly bill that includes all the proactive and reactive support required to take care of their networks. Of course there are some exceptions (i.e. out of warranty hardware) that must be billed hourly, but these are minimal, and are remediated quickly, in most cases.

An MSP's business value has a lot to do with how and what you include in your managed services offering. Burgeoning services like HaaS (hardware-as-a-service) and SaaS (software-as-a-service) allow an MSP to include hardware and software revenue in their contracts, turning low-value sales revenue into high-value managed services revenue. Smart business owners can structure their agreements to turn all IT hardware, software, and services into multiyear managed services agreements.

How To Handle Prospects That Don't Want Monthly Fees

We've found that prospects aren't responsive to lengthy value proposition speeches. The best way to hold their attention is with a concise and compelling offer. We combine many service providers' products and services into our pitch. Off-site backup, SPAM prevention, off-hours support, etc. are included in our base managed services package. By making our core product more compelling, we are able to demonstrate the value of working with an outsourced MSP, and close more business.

If you're not currently providing fixed fee managed ser-

vices, here are some tips to consider:

- Include as many services as possible in your fixed fee. Avoid itemizing your services where possible. This promotes flexibility and does not tie you to any one specific vendor in case a better solution becomes available.
- Lease! If you are not including leasing services to your clients, you are hurting yourself. Leases turn a CapEx purchase into an OpEx purchase, which makes it more affordable for your customers to buy more solutions and services.
- Work with your IT vendors, distributors, or master MSPs until you can provide your own services. White label as much as possible to build your brand and expand your service catalog.
- Don't forget about HaaS. Selling HaaS gives you the ability to upgrade your clients' infrastructure as part of your managed service.
- Update your billing model. In the past, you charged a fee per server/workstation. With a managed services contract, you'll be charging a fee based on the network (e.g. number of nodes managed), number of users, and/or the number of applications managed per month.

No matter what you provide in your managed services offering, be sure it is clear. Nothing kills a deal faster than services and pricing that are confusing. Keep it simple, and make sure you list exactly what you are going to do as well as what you will not support.

In my experience, clients who have not seen the value of fixed fee managed services agreements come around eventually. Ultimately, the industry has spoken and SMBs love managed services.

When starting out selling MS, don't get discouraged. While your best deals may close in 30 days or less, your average deals will take longer than that. Stay organized, hit your follow-up times, and stay friendly. Ultimately, the longer you are in contact with a prospect, the more likely they will have a problem you can assist with before you close them. Stay in touch, throw out a hardware/software savings offer, and send a newsletter as another way to keep top of mind. Good luck and remember: Your clients are going to buy from someone, it may as well be from you. ●



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